

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3701-02
Bill No.: Perfected HCS for HB 1040
Subject: Education, Elementary and Secondary: Elementary and Secondary Education Dept
Type: Education Accountability
Date: February 12, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	\$0	(\$527,188 to \$741,410)	(\$532,460 to \$748,824)
Total Estimated Net Effect on General Revenue Fund	\$0	(\$527,188 to \$741,410)	(\$532,460 to \$748,834)

***This amount could be offset partially by a decrease in school attendance, resulting in reduced state aid**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 11 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Schools Districts	(UNKNOWN)*	UNKNOWN**	UNKNOWN**

* Could Exceed \$100,000

** Expected to Exceed \$100,000

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Attorney General (AGO)** stated this proposal would have no fiscal impact on the AGO's office.

Officials from the **Office of State Courts Administrator** stated this proposal would have no effect on the courts.

Officials from the **Secretary of State's Office (SOS)** assumed the rules, regulations and forms issued by the Department of Elementary and Secondary Education and the Department of Social Services could require as many as 20 pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in the *Missouri Register* as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. These costs are estimated. The estimated cost of a page in the *Missouri Register* is \$23. The estimated cost of a page in the *Code of State Regulations* is \$27. The actual costs could be more or less the SOS's estimated cost of \$1,230 for FY 2005. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules, filed, amended, rescinded or withdrawn.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of

ASSUMPTION (continued)

regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

SECTION 160.261

Officials from the **Department of Elementary and Secondary Education (DESE)** stated this portion of the proposal would have no fiscal impact on their agency or school districts.

Officials from the **Department of Social Services - Division of Youth Services (DOS-DYS)** anticipate the provisions of this proposal will not affect DYS. Largely, youth who are alleged to have committed the offenses listed will be in the custody, or under the supervision, of the juvenile justice system. Thus, an increase in commitments to, or supervisory obligations by DYS are not expected.

Officials from the **Parkway School District** stated they already have these policies in place, therefore there will be no fiscal impact on their district.

Officials from the **St Louis Public Schools** and the **Kansas City Missouri School District** anticipate no fiscal impact from this portion of the proposal.

Officials from the **Columbia Public Schools (CPS)** assume that to ensure the 1000 foot barrier CPS would need to increase security personnel by 2 FTE for an approximate annual reoccurring cost of \$100,000. **Oversight** assumes, based on responses from other districts and DESE that any additional monitoring could be absorbed with existing resources.

SECTION 160.518

DESE is currently utilizing federal funds to align the performance and accountability standards of the statewide assessment system to federal standards.

SECTION 160.570

DESE assumes this proposal indicates that a school board may establish policy designed to encourage students to give their best efforts on each portion of any statewide assessment, which may include incentives or supplementary work as a consequence of performance. Anything implemented by districts would pose a cost and would vary depending upon the incentive. DESE has no way to estimate whether districts will participate or to what extent they will participate.

ASSUMPTION (continued)

Oversight assumes this section changes wording pertaining to consequences of performance and no fiscal impact is expected.

SECTION 161.089

DESE assumes zero to minimal costs. **Oversight** assumes any costs will be absorbed within existing resources.

SECTION 161.096

DESE states there are currently 136 districts that have school bus contractors. Minimally, a desk audit of one district's contracts, bidding procedures, and rates will take 4 manhours. To review all 136 districts would require approximately 544 (136 x 4) man hours. Using an hourly salary of \$18, the minimum cost of \$9,792 plus benefits.

Oversight assumes this cost could be absorbed within existing resources.

Officials from the **Columbia Public Schools** estimate requiring the State Board of Education to audit transportation is estimated to add approximately \$15,000 in costs to CPS, which they assume is reimbursable through state transportation aid. **Oversight**, for fiscal note purposes, will use the DESE estimate of costs of this section of the proposal.

SECTION 161.209

DESE assumes such a review would require staff time while other responsibilities are temporarily set aside.

SECTIONS 162.065 and 162.067

Officials from the **Department of Public Safety - Missouri State Highway Patrol** and the **Department of Transportation** indicated this proposal would have no fiscal impact on their agencies.

DESE assumes, depending on the size of the district this could take a number of man hours to periodically check the bus stops against the sex offender list as well as generating and keeping manifests current. The cost to school districts is unknown but likely significant. Also the additional reporting requirements resulting from Section 162.067 will have additional costs to the

ASSUMPTION (continued)

districts.

Officials from the **Kansas City Missouri School District** stated they have implemented many of the proposed safety measures, and see no additional quantifiable fiscal impact of this part of the proposal.

SECTION 163.036

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** stated this proposal would not result in additional costs or savings to BAP. According to BAP, this proposal could reduce the cost of the foundation formula.

Officials from the DESE state this proposal amends the calculation of the number of eligible pupils on which a district may be paid. The eligible pupil number used in the foundation formula will be the summer school average daily attendance (ADA) for the current year, doubled, and added to the highest average daily attendance of the regular school term for the ensuing year. Currently, a district could choose to eliminate its summer school program in the current year but still be paid in the foundation formula for summer school the district had two years prior. Consequently, districts may use money generated from a summer school program intended to pay for the summer school program to instead assist funding the regular school term. The proposal will insure that all districts receive funding for their most recent summer school. If the district opts to eliminate summer school, it will only be paid on the regular term ADA.

There is no state cost to this proposal as the proposed change does not increase the number of eligible pupils on which districts may be paid through the foundation formula. There is the possibility of some state savings if districts choose to discontinue providing educational opportunities in the summer. However, potential savings cannot be determined as the number of districts who may choose to eliminate summer school in the summer of 2004 and beyond is not known.

Oversight assumes any moneys saved by districts not choosing to offer summer school would be distributed among the schools via the foundation formula.

SECTION 167.031 and 167.051

Officials from the **Department of Social Services - Division of Youth Services (DYS)** stated that in FY 00, 55 youth under the age of 16 were committed to DYS for truancy. According to Kids Count Missouri, the annual high school dropout rate for the 1998-99 school year was 4.8%,

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ASSUMPTION (continued)

or approximately 12,457 dropouts. According to the 1999 Juvenile Court Statistics Report, there were 6,056 referrals for truancy made to the juvenile courts involving youth under the age of 16 years. Based on state averages, it is estimated that St Louis City had 566 court referrals for truancy. If St. Louis City adopts a resolution to increase compulsory school attendance to age 17, DYS estimates 17 - 24 additional youth under age 17 could be committed annually to DYS from the area. DYS expects to be able to absorb this increase within the existing budget.

Oversight reviewed the MODESE Annual Report of School Data and the number of high school dropouts in St Louis City for the year 2002 was 847 (7.8%), compared with a state dropout rate of 3.8%. Based on that data, the estimate of number of youth that might be committed annually to DYS could be somewhat higher than original estimates, but **Oversight** assumes the increase could still be absorbed.

Officials from the **Department of Social Services - Family Support/Children's Division (DOS)** indicated that requiring children to attend school until age 17 would result in additional children being reported to the Child Abuse/Neglect (CA/N) Hotline for education neglect since a parent's failure to send a child to school is a reportable condition; however, DOS anticipates the financial impact to the agency of additional calls and followup can be absorbed with existing resources.

Officials from DESE indicated that a cost estimate could not be determined for this proposal. More students may stay in school, thus raising the district's average daily attendance which would general more basic state aid to the district; however, there is no way to determine number of 17-year-old students staying in school that would have otherwise dropped out. Even if they stay in school, attendance may be poor which could offset an increase in basic state aid to the district.

In response to a similar proposal from last session, officials from the **St Louis Public Schools** estimate the initial number of students impacted by this legislation would be 150 and could increase to 500 students. The projected state payments, based on 150 for school years 2004-2005 and 2005-2006, are as follows:

	<u>2004-2005</u>	<u>2005-2006</u>
150 Students Without At Risk	\$527,188	\$532,460
150 Students With At Risk	\$741,410	\$748,824

ASSUMPTION (continued)

Oversight assumes there would be no cost until FY 2006 since the resolution to establish compulsory attendance shall take effect no earlier than the school year next following the school year during which the resolution is adopted.

SECTION 210.145

Officials from the **Department of Social Services - Family Support/Children's Division** anticipate no fiscal impact to their agency from Section 210.145.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
GENERAL REVENUE			
<u>Cost</u> - Increased transfers to State School Moneys Fund	\$0	(\$527,188 to \$741,410)	(\$532,460 to \$748,824)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND*	<u>\$0</u>	<u>(\$527,188 to \$741,410)</u>	<u>(\$532,460 to \$748,824)</u>
STATE SCHOOL MONEYS FUND			
<u>Income</u> - Increased transfers from General Revenue Fund	\$0	\$527,188 to \$741,410	\$532,460 to \$748,824)
<u>Cost</u> - Increased distributions to St Louis Public School District	<u>\$0</u>	<u>(\$527,188 to \$741,410)</u>	<u>(\$532,460 to \$848,824)</u>
ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND*	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
*This amount could be offset partially by a decrease in school attendance, resulting in reduced state aid			

<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
SCHOOL DISTRICTS			
<u>Income</u> - Increased State Aid to St Louis Public School District	\$0	\$527,188 to \$741,410	\$532,460 to \$748,824
<u>Cost</u> - Decreased School Attendance*	\$0	(Unknown)	(Unknown)
<u>Cost</u> - Additional Reporting Requirements (Sections 162.065 & 162.067)***	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	<u>(UNKNOWN)</u>	<u>UNKNOWN**</u>	<u>UNKNOWN**</u>

*** Increase in state aid attributed to additional students enrolled could be partially offset by decreased attendance.**

****Expected to Exceed \$100,000**

*****Could Exceed \$100,000**

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal makes the following provisions regarding education accountability:

SECTION 160.261

Adds to the statute on school discipline policies the requirement that students who are suspended for serious violations of school discipline policies be barred from being within 1,000 feet of the school, except under specified conditions. A student who violates this requirement of his or her suspension may be further suspended or expelled, pursuant to existing state law. Consideration must be given to whether the student's presence near the school is disruptive, and removal of special education students must follow the state and federal procedural rights of special education students.

DESCRIPTION (continued)

SECTION 160.518

No later than June 30, 2006, the State Board of Education shall administer the following adjustments to the statewide assessment system: 1) Initiate performance standards for the statewide assessment system as follows: 'below grade level', 'at grade level', 'above grade level', and 'level not determined', based on the approved grade level expectations developed by DESE; 2) Align the 'at grade level' performance standard of the statewide assessment systems so that it meets but does not exceed the 'proficient' level of the National Assessment of Educational Progress examination; 3) Begin yearly exams in subjects where required by federal law; and, 4) Make other adjustments necessary to satisfy federal requirements with No Child Left Behind or other federal standards.

This section also requires development of a MSIP waiver process based on performance profiles.

SECTION 160.570

Wording has been changed to delete specific references to GPA or additional graduation requirements. The language now would permit incentives or supplementary work as consequence of performance.

SECTION 161.089

The Missouri school improvement program or successor accreditation program permits Parents as Teachers deficiencies to be reflected as an area of concern. Also, districts shall be rewarded that use instructional technology to accomplish their advanced placement goals.

SECTION 161.096

The State Board of Education shall audit each school district's transportation contracts, including bidding procedures and transportation rates, on an annual basis.

SECTION 162.065

School districts must consult the sex offender registration list before selecting bus stops and have manifests with student information for bus drivers so non-students can be denied access to buses.

DESCRIPTION (continued)

SECTION 162.067

During fall registration, all school districts shall provide, to each student's parent or family, background information on the district's transportation program which shall include: the name of the private transportation company the district uses, if any; the results of highway patrol safety inspections on buses that will be used to transport students; and, any corporate safety information regarding such busses that is available.

SECTION 162.261

Clarifies that the nepotism provisions of the Missouri Constitution apply to school districts.

SECTION 163.036

Currently, school districts may use the number of eligible pupils for the ensuing school year or either of the two preceding school years as the basis for their state school aid. This proposal limits the choice of these years to the pupil counts for the minimum school term, rather than the entire year; and beginning in the 2004-2005 school year, the summer school add-on will include only those pupils that attend summer school in the ensuing year.

SECTION 167.031 and 167.051

Permits the board of education for the St. Louis City school district to adopt a resolution raising the mandatory attendance age in the district from 16 to 17.

SECTION 171.031

Districts serving the same students, such as K-8 districts and the districts that provide high schools to those districts, must make a good-faith effort to coordinate their school calendars.

SECTION 161.209

DESE must seek feedback on its rules and regulations and give priority to the review of existing regulations that could be relaxed in hard economic times without affecting student achievement.

DESCRIPTION (continued)

SECTION 210.145

The Division of Family Services cannot meet with a child in the same school or child care facility where abuse is alleged to have occurred. Currently, the division cannot meet with a child at any school or child care facility.

Section 210.145 has an emergency clause; Section 160.518 addresses federal mandates.

This legislation would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education

Office of Secretary of State

Administrative Rules Division

Office of Attorney General

Office of State Courts Administrator

Department of Public Safety

Missouri State Highway Patrol

Office of Administration

Division of Budget and Planning

Department of Social Services

Family Support/Children's Division

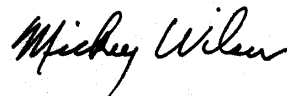
Division of Youth Services

Saint Louis Public Schools

Parkway School District

Kansas City Missouri School District

Columbia Public Schools



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